

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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IN THE MATTER OF

THE JOINT APPLICATION OF THE CITY OF
PAINTSVILLE, KENTUCKY, A MUNICIPAL
CORPORATION OF THE FOURTH CLASS SITUATED
IN JOHNSON COUNTY, KENTUCKY, AND R. A. & C.
DEVELOPMENT COMPANY, INC., A CORPORATION
ORGANIZED UNDER AND EXISTING BY VIRTUE
OF THE LAWS OF THE COMMONWEALTH OF
KENTUCKY AND BEING A REGULATED UTILITY,
THAT THE COMMONWEALTH OF KENTUCKY APPROVE
THE SALE OF SAID CORPORATION AND PURCHASE
BY SAID CITY OF THE UTILITY SYSTEM OWNED
AND OPERATED BY SAID CORPORATION WITHIN
THE CITY LIMITS OF PAINTSVILLE, PROVIDING
RETAIL WATER, GAS AND SEWER SERVICES TO
CUSTOMERS IN THE NORTHGATE SUBDIVISION
OF PAINTSVILLE, KENTUCKY, AND THE ENVIRONS
THEREOF

CASE NO. 7566

O R D E R

PREFACE

On August 1, 1979, the City of Paintsville, Kentucky (City) and R. A. & C. Development Company, Inc., (Company) filed a joint application with this Commission seeking authority for the City of Paintsville to purchase and assume ownership of, and the Company to sell and assign ownership of, the entire water, gas and sewer system serving the Northgate Subdivision within the city limits of Paintsville, Kentucky.

A hearing was held at the Commissions' offices in Frankfort, Kentucky, on October 24, 1979, with all parties of interest being notified and no protests entered.

OPINION and ORDER

The Commissions, after a review of the record and being fully advised are of the opinion and find:

1. That the City of Paintsville presently owns the water, gas and sewer facilities within its corporate limits and provides its own operation and maintenance and billing and collecting services.
2. That the Company's President has suffered a heart attack and no longer desires the responsibility of providing utility services to the approximately 39 residents of Northgate Subdivision.

3. That the residents of Northgate Subdivision have been made aware of the proposed acquisition of R. A. & C. Development Company, Inc., by the City of Paintsville and have indicated their approval of this transfer.

4. That the acquisition of R. A. & C. Development Company, Inc., by the City of Paintsville will result in lower rates for all three services to the residents of Northgate subdivision.

5. That the incorporation of the existing utility system of the Company into the existing city system will guarantee continued service and permit improvement to better serve existing customers.

6. That the transfer of the utility system of the Company to the City of Paintsville is in the public interest and should be granted.

7. That the City of Paintsville is ready, willing and able to assume ownership and the operation of the water, gas and sewer system of the Company.

8. That before such transfer can take place R. A. & C. Development Company should comply with the Commission's Order No. 7350 wherein it was directed to refund all monies that were overcharged during the period of January 1, 1978, through December 31, 1978, said refunds to be in the amount of \$1,430 plus an interest charge of 8% as set out in KRS 360.040.

IT IS THEREFORE ORDERED that the R. A. & C. Development Company, Inc. shall, as directed in Case No. 7350, refund all monies that were overcharged during the period of January 1, 1978, through December 31, 1978, said refund to be in the amount of \$1,430, plus an interest charge of 8% as set out in KRS 360.040.

IT IS FURTHER ORDERED that upon receipt of acceptable proof of said refund being completed as required by Case No. 7350, that the City of Paintsville be and is hereby authorized to purchase from R. A. & C. Development Company, Inc., the water, gas and sewer utility systems of the Company according to the terms mutually agreed to and it is further ORDERED that upon the transfer of the subject properties to the City of Paintsville, that R. A. & C.

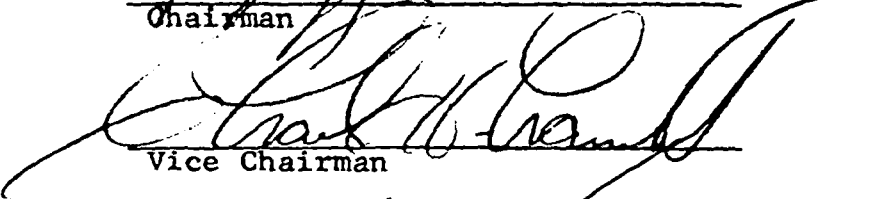
Development Company, Inc., be permitted to withdraw from the operation of same.

IT IS FURTHER ORDERED THAT any Certificates of Convenience and Necessity previously issued to R. A. & C. Development Company, Inc., be and are hereby cancelled.

Done at Frankfort, Kentucky, this 8th day of January, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary